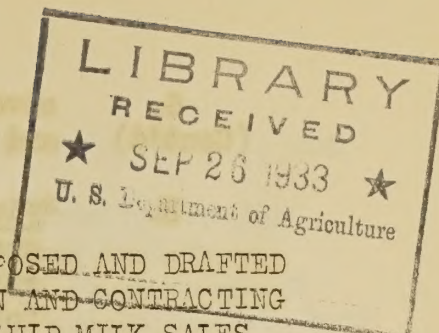


1.94
D 14 Ma Have
Pittsburgh

PROPOSED MARKETING AGREEMENT FOR MILK
PITTSBURGH (PA.) MILK SHED



THIS TENTATIVE MARKETING AGREEMENT HAS BEEN PROPOSED AND DRAFTED BY THE DAIRYMEN'S CO-OPERATIVE SALES ASSOCIATION AND CONTRACTING DISTRIBUTORS REPRESENTING AT LEAST 75% OF THE FLUID MILK SALES IN THE PITTSBURGH SALES AREA WHO SIGNED THIS CONTRACT, TO BE SUBMITTED WITH APPLICATION FOR PUBLIC HEARING BEFORE THE SECRETARY OF AGRICULTURE AT WASHINGTON, D.C.

AGREEMENT.

As used in this agreement, the following words and phrases shall be defined as follows:

- A. "Contracting Producers" means the Dairymen's Co-operative Sales Association, a non-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, and such other producers and associations of producers of "fluid milk" sold or consumed in the Pittsburgh Sales Area as may become parties signatory to this agreement according to the terms and provisions thereof.
- B. "Contracting distributors" means such distributors and/or processors of "fluid milk" as may become parties signatory to this agreement.
- C. "Fluid Milk" means and includes milk and cream, and such fluid derivations thereof as are sold by "Contracting distributors" in the Pittsburgh Sales Area.
- D. "Pittsburgh Sales Area" means the counties of Allegheny, Armstrong, Beaver, Butler, Fayette, Indiana, Washington, and Westmoreland; all in the Commonwealth of Pennsylvania.
- E. "Secretary" means the Secretary or Acting Secretary of Agriculture of the United States.
- F. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.
- G. "Dairy Council" means the Pittsburgh District Dairy Council, a non-profit Corporation, organized under the laws of the Commonwealth of Pennsylvania, controlled jointly by a portion of the contracting producers and the contracting distributors for

G. advertising milk, health education, quality control,
(Cont'd) and for other purposes.

H. "Pittsburgh Production Area" means the following
geographical area in which contracting producers
reside and are engaged in the production of milk
for sale in the Pittsburgh Sales Area:

In the State of PENNSYLVANIA, the counties of:

Allegheny
Armstrong
Beaver
Butler
Clarion
Crawford
Fayette
Greene
Indiana
Jefferson

Lawrence
Mercer
Somerset
Venango
Washington
Westmoreland
Portions of the counties of:
Cambria
Clearfield
Erie
Warren

IN OHIO, the Counties of:

Ashtabula
Belmont
Columbiana
Mahoning
Trumbull

Portions of the counties of:
Carroll
Geauga
Guernsey
Jefferson
Monroe
Portage
Stark

WEST VIRGINIA, portions of the Counties of:

Hancock
Ohio
Brooks

THE PARTIES to this agreement are the "contracting producers", and "contracting distributors", and the "Secretary".

WHEREAS, pursuant to the "Act", the parties hereto, for the purpose of correcting the conditions now obtaining in the marketing of "fluid milk" in the Pittsburgh Sales Area, desire to enter into a marketing agreement under the provision of Section 8 (2) of the "Act", and

WHEREAS, the Dairymen's Co-operative Sales Association markets the major portion of the "fluid milk" distributed and consumed in the Pittsburgh Sales Area and represents that it has corporate power and authority to enter into this agreement, and

WHEREAS, the contracting distributors distribute more than 75 percent of the "fluid milk" distributed in the "Pittsburgh Sales Area", which said "fluid milk" comprises substantially all of the "fluid milk"

marketed by the Dairymen's Co-operative Sales Association as aforesaid, and

WHEREAS, the major portion of the "fluid milk" marketed by the Dairymen's Co-operative sales Association is sold and transported in interstate commerce, in order to reach the market in which it is consumed or processed, and whereas the distribution thereof affect and enter into both the current of interstate commerce and the current of intrastate commerce which are inextricably intermingled.

NOW THEREFORE in consideration of the premises the parties hereto agree as follows:

1. The schedule governing the prices, terms and conditions under which "fluid milk" shall be purchased by the "Contracting distributors" for distribution or consumption in the Pittsburgh Sales Area shall be that set forth in Exhibit "A" which is attached hereto and made a part hereof. Such schedule may be changed by agreement between the "contracting producers" and the "contracting distributors" provided, however, that such changes shall be effective only upon the written approval of the Secretary.

Payments to the Dairy Council and payments to the Dairymen's Co-operative Sales Association, as commissions or for operating and transporting expenses, shall be deemed and credited as a part of the price paid to producers.

2. The schedule governing the wholesale and retail prices, terms and conditions under which "fluid milk" shall be sold by the "contracting distributors" for distribution or consumption in the Pittsburgh Sales Area shall be that set forth in Exhibit "B" which is attached hereto and made a part hereof. Such schedule may be changed by agreement between the "contracting producers" and the "contracting distributors" provided, however, that such changes shall be effective only upon the written approval of the Secretary.

3. The plan governing the marketing of Milk, generally known as the "Pooling System" which is outlined in detail and attached hereto and marked Exhibit "C" shall be adhered to in the execution, or performance of this contract and shall be binding upon the "Contracting Producers" as to all matter therein required on their part to be performed. Such marketing plan as may be modified and altered by agreement between the "contracting producers" and the "contracting distributors", provided, that such modified plan shall become effective only upon the written approval of the Secretary.

4. The contracting distributors agree that they will not purchase milk from any producer not a member of the Dairymen's Co-operative Sales Association unless such producer authorizes the purchasing contracting distributor to pay over to the said Dairy Council, the same amount per 100 pounds of milk purchased which the members of the Dairymen's Co-operative

Sales Association are then authorizing the contracting distributors to pay over to the Dairymen's Co-operative Sales Association on behalf of its members; and said purchasing contracting distributor shall simultaneously with making payment to the producer for milk purchased, make payment as aforesaid to said Dairy Council. The sums so paid shall be kept as a separate fund by said Dairy Council, for the purpose of securing to said producers not members of the Dairymen's Co-operative Sales Association advertising, educational, credit loss, and other benefits similar to those which are secured by the members of the Dairymen's Co-operative Sales Association by virtue of their like payments to said Dairymen's Co-operative Sales Association. The contracting producers and contracting distributors undertake that Dairy Council shall disburse such funds for the purposes hereinabove provided, and that said Dairy Council shall keep separate books and records in form satisfactory to the Secretary pertaining to such funds, which said books and records of Dairy Council shall be subject to the examination of the Secretary or his duly designated agent during the usual hours of business, and that the Dairy Council shall from time to time furnish to the Secretary such information as the Secretary may require.

5. The "contracting distributors" agree that they will not purchase "fluid milk" from any producer unless and untill such producer accepts and agrees to be bound to the terms and the conditions of this contract and especially to the marketing plan fully set forth in Exhibit "B" hereof.

6. That all producers of "fluid milk" whose farms have been inspected in conformity with the requirements of the laws and the ordinances controlling the production of milk in the market to which the same is to be consigned, shall be permitted if they desire as far as marketing conditions may allow to become members of the Dairymen's Co-operative Sales Association on an equal basis with the existing members similarly situated, upon complying with the same conditions as were applicable to the existing members.

7. The contracting producers and the contracting distributors shall severally maintain systems of accounting which shall accurately reflect the true account and condition of their respective businesses. Their respective books and records shall, during usual hours of business, be subject to the examination of the Secretary (or his duly authorized representative) to assist him in the furtherance of his duties with respect to this agreement, including verification by the Secretary of the information furnished on the forms hereinafter referred to. The contracting producers and the contracting distributors shall severally, from time to time furnish information to the Secretary on and in accordance with forms to be supplied by him. All information obtained by or furnished to the Secretary pursuant to this paragraph shall remain the confidential information of the Secretary and shall not be disclosed by him except upon lawful demand by the President, by either House of the Congress, or any committee thereof, or by any court. The Secretary however, may combine the information obtained from producers and/or

distributors in the form of general statistical studies or data. The Secretary hereby agrees to issue regulations and prescribe penalties to be imposed in the event of any violation of the confidences or trust imposed hereby.

8. The standards governing the production, receiving, transportation, processing, bottling and distribution of "fluid milk" sold or distributed in the Pittsburgh Sales Area shall be those established by the laws of the State and ordinance in force in the respective municipalities, having jurisdiction over the same.

9. This agreement shall become effective at such time as the Secretary may direct and shall continue in effect until terminated by the Secretary. The Secretary may (and shall upon the request of either 75 percent of the "contracting producers" or 75 percent of the "contracting distributors", such percentages to be measured by volume of "fluid milk" marketed or distributed respectively) by notice in writing addressed to the Dairymen's Cooperative Sales Association and other producers selling in this market, the contributing distributors, and the Dairy Council, on or before the 20th day of any month, terminate said contract at the end of such month.

b. The Secretary may for good cause shown as of the end of any month terminate this agreement as to any party or parties signatory hereto by notice in writing deposited on or before the 20th of such month in the registered mails and addressed to such party or parties at the address or addresses of such party or parties on file with the Secretary.

10. This agreement shall terminate whenever Title 1 of the Act shall cease to be in effect or whenever the President or Congress shall terminate those provisions of the Act which authorize this agreement.

11. If any individual considers himself aggrieved by any action taken hereunder by any party or parties hereto, such individual may law his case before the "Secretary" who shall thereafter take such action in reference thereto as he deems necessary to carry out the purpose of this marketing agreement.

IN WITNESS WHEREOF the parties hereto have hereinafter set their hands and seal this 29th day of July, 1933.

6

EXHIBIT "A"

The following prices shall be paid by "contracting distributors" to "Contracting Producers" for the several classes of milk delivered:

	#1	#2-A	#2-B	#3
a. <u>Direct Shipped Milk</u>	1.95	1.40	1.25	3 1/2 x average monthly price 92 score Chicago butter plus 15¢ cwt.
b. <u>To Receiving Stations</u>				
Zone #1 for milk delivered to Country Receiving Stations at Butler, Charleroi, or Slate Lick, Pa., except that as indicated in "part c." hereof	1.60	1.10	1.05	3 1/2 x average monthly price 92 score Chicago butter plus 5¢ per cwt.
Zone #2 for milk delivered to Country Receiving Stations at Volant, Indiana Kittanning, or Grove City Pa.	1.55	1.10	1.05	3 1/2 x average monthly price 92 score Chicago butter plus 5¢ per cwt.
Zone #3 for milk delivered to all other Country receiving stations not listed herein.	1.50	1.10	1.05	3 1/2 x average monthly price 92 score Chicago butter plus 5¢ per cwt.
Zone #4 for milk delivered to Country Receiving Station at Springboro, Pa.	1.45	1.10	1.05	3 1/2 x average monthly price 92 score Chicago butter plus 5¢ per cwt.
c. For milk delivered by "contracting producers" to "contracting distributors" for sale from local plants at Butler, Kittanning, or Slate Lick, Pa.	1.90	1.40	1.25	3 1/2 x average monthly price 92 score Chicago butter plus 5¢ per cwt.

CLASS #4 To Plymouth, Wisconsin, Cheese Exchange quotations as current for each month, assmt. 1/2¢ per pound, multiply by 10 and subtract 25¢ allowance for manufacturing. Result is price per cwt. of 3.5% milk in this class.

Exhibit "A" continued.

CLASS #5 The price as applying to Midwest Condenseries from month to month, plus freight differential.

The above prices are based upon milk testing 3.5% butterfat and are subject to adjustment per cwt. for each 1/10% butterfat above or below this standard according to the following schedule, using the average monthly price of 92 score Extras on the Chicago market as the basis, viz:

Less than 25¢ per lb.	3¢ per 1/10% butterfat variation			
25¢ - 29.99¢	3 1/2 "	"	"	"
30¢ - 34.99¢	4¢	"	"	"
35¢ - 39.99¢	4 1/2 "	"	"	"
40¢ - and above	5¢	"	"	"

EXHIBIT "B"

PRICES FOR PITTSBURGH SALES AREA

TO RESTAURANTS, HOTELS, AND INSTITUTIONS

THESE PRICES APPLY AT ONE POINT OF DELIVERY AND TO DAILY

DELIVERIES ONLY

BOTTLED GOODS

Minimum and
Maximum Tests

Standard Milk	3.5 - 3.8%	Quarts	.08 1/2
		Pints	.05 1/2
		Half-pints	.03 1/2
Special Milk	4.4% - 4.7%	Quarts	.11
("A" Milk Guernsey, Nursery, etc.)		Pints	.06 1/2
		Half-pints	.04 1/2
Regular Buttermilk	0.0% - 2.0%	Half-pints	.03
Creamed Buttermilk	2.1% - 3.5%	Half-pints	.03 1/2
Chocolate Milk	2.5% - 3.5%	Half-pints	.03 1/2
Chocolate Drink	0.0% - 1.0%	Half-pints	.03
Skim Milk			.10 gal.
" "			.05 qt.
" "			.03 pt.
Cream	18% - 20%	Quarts	.35
"	25% - 27%	"	.45
"	31% - 33%	"	.55
"	39% - 41%	"	.65

BULK GOODS

Standard Milk	3.5% - 3.8%	1 to 50 gallons	.32 gal.
" "		51 to 100 "	.30 "
" "		101 and over	.28 "
Regular Buttermilk	0.0% - 2.0%	Single Gallons	.25 gal.
		5 gallons and over	.20 "
Creamed Butter	2.1% - 3.5%	Single Gallons	.30 gal.
		5 gallons and over	.25 "

Exhibit "B" continued

There shall be allowed a cream tolerance of one (1) point from the percentage as indicated opposite the bulk creams listed below:

			<u>Less than 5 gal.</u>	<u>5 gal. & Over</u>
Coffe Cream	(19%)	(x)	\$1.24	\$1.14
Table "	(26%)	(xx)	1.69	1.56
Whipping "	(32%)	(xxx)	2.08	1.92
Heavy "	(40%)	(xxxx)	2.60	2.40
Sour "	(19%)		1.24	1.14

NOTE 1 For each increase in test of two-tenths of one per cent above the maximum test of 3.8% for standard wholesale milk, the following unit price increases are to be charged:

1 mill for half-pints
 2 1/2 mills " quarts
 1 cent " gallons

EXHIBIT "C"

POOLING SYSTEM

I. CLASSIFICATION OF MILK.

All milk sold by contracting producers to contracting distributors shall be classified in accordance with the use to which the milk is put as follows:

CLASS I MILK. Class I milk shall be all milk sold retail and wholesale.

CLASS II - A MILK. Class II-A Milk is to include all milk, the cream from which is sold, either retail or wholesale, for use as fluid cream.

CLASS II - B MILK. Class II-B Milk is to include all milk or cream resulting from its separation used in the manufacture of ice cream or ice cream mix; or used for any other purpose except as otherwise provided for in Classes I, II-A, III, IV and V.

CLASS III MILK. Class III milk shall be all milk that is used in the manufacture of butter, providing its manufacture and sale as butter is verified.

CLASS IV MILK. Class IV milk shall be all milk that is used in the manufacture of American Cheese, hard type.

CLASS V MILK. Class V milk shall be all milk that is used in the manufacture of condensed or evaporated whole milk.

II. INTER-DEALER TRANSACTIONS.

- a. Contracting distributors of milk having an excess supply over their individual requirements shall be privileged to resell such excess at the prevailing Class III price to dealers designated by the Pooling System Manager. The Contracting distributor having an excess must report the amount which he desires to resell at least 24 hours previous to the time he wishes the milk transferred.
- b. All Class III milk offered for resale to a manufacturing dealer shall be delivered at expense of the selling distributor.
- c. Should the distributor purchasing such milk from another distributing buyer at Class III price utilize the same in a higher price classification than Class III, he shall pay the contracting producers the difference between the Class III price and the price of that class in which milk was finally used.

- d. In event any contracting distributor finds daily deliveries direct from contracting producers insufficient to meet Class I and II-A Sales requirements, such contracting distributor may purchase from the plant or any contracting distributor handling milk in classifications lower than II-A, at Class I price, plus not more than 40 cents per 100 pounds of milk. When Class II-A purchases are made in the form of cream the above handling charge shall not apply.

III. REPORT OF MILK RECEIPTS AND SALES.

- a. On or before the sixth day of each month each contracting distributor shall submit a statement to the Pooling System Manager, setting forth the total amount of milk purchased, together with the amount used in the various classes during the preceding month on forms provided by the Pooling System Manager.
- b. On or before the 20th day of each month, each contracting buyer shall submit to the Pooling System Manager, a complete list of producers from whom shipments were received the preceding month together with quantity and butterfat content.
- c. The contracting distributor shall keep adequate books and records, disclosing all of the facts and information required by the Pooling System Manager, including sales, movements out of plants and manufacturing records of products in various classes; movements of all dairy products into or out of storage; to permit the Pooling System Manager to make physical count of products in process of manufacture or manufactured. If contracting distributor neglects or refuses to keep such books and records or refuses to permit Pooling System Manager to make inspection of the contracting distributor's records or stock, from which its reports are compiled or destroy such records before such inspection and final settlement of accounts is made, then and in every such case, contracting distributor agrees to pay the contracting producers for all milk delivered at the prevailing Class I price during such month or months when such reports are not made available to the Pooling System Manager.
- d. In auditing contracting distributor's sales records, Pooling System Manager may examine same and make note of the amount of milk sold in the various classes and prices charged.

IV. METHOD OF BALANCING AND ASCERTAINING PRICE.

- a. The total cost of milk to the contracting distributor shall be determined by multiplying the prevailing price of the various classes of milk by the quantity used for each purpose and adding the same together. The price of the various classes shall be adjusted to conform to the actual butterfat content of the milk as delivered by contracting producers.

- b. The pay to contracting producers shall be determined as follows: The Pooling System Manager shall compile the total amount of milk delivered during the month by contracting producers to contracting distributors and the total sales value of the same by applying the schedule of classification prices found in Exhibit "A" to the amount of milk used in each classification at point of delivery. The amount of milk delivered by each and every dairyman represented by the contracting producers shall be considered as sharing proportionately in each of the several classifications which, when multiplied by the classification prices prevailing for the month at the point of delivery, shall constitute the total payment to be made to each contracting producer for that period. The total amount due each contracting producer shall be subject to deductions for transportation from farm to point of delivery, membership dues and such other deductions as are authorized by this agreement.

The Pooling System Manager shall report to each contracting distributor the ratio of the various classes of milk purchased during the month together with the price to be paid to the contracting producers.

Payment for all milk purchased under this agreement shall be made by contracting distributors on or before the 20th day of each month for all milk deliveries made by contracting producers during the previous month.

- c. The Pooling System Manager will mail to each contracting distributor of milk in the respective districts each month a statement, showing the difference between the amount paid the producers and the actual cost of the various classifications of milk purchased by him as determined by existing price agreement and if the cost of such milk is greater than the amount paid the producers such difference shall be paid to the Pooling System which shall pro-rate to such buyers as shall have paid to the contracting producers a price greater than the average cost of milk purchased by them. If the amount paid to contracting producers is greater than the actual cost of the various classifications as determined by existing price agreement such difference shall be paid to the contracting distributor by the Pooling System.
- d. The following ratios and standards shall be used in converting milk and milk products into units of weight or volume:
- | | | |
|----------|----------------------------|----------------------------|
| 1 Gal. | 3.5% milk at 60 degrees F. | --- 8.6 pounds |
| 100 lbs. | 3.5% milk at 60 degrees F. | --- 11.63 gal. |
| 1 Gal. | 20% cream | --- 8.43 pounds |
| 100 lbs. | 3.5% milk yields | 2.0759 gal. 20% cream |
| 100 lbs. | 3.5% milk yields | 17.5 pounds 20% cream |
| 100 lbs. | 3.5% milk yields | 4.176 pounds butter |
| 100 lbs. | 3.5% milk yields | 9.45 pounds Cheddar Cheese |
- e. Contracting Distributors are to be permitted to audit and verify the accounts and records of the Pooling System at regular intervals, employing therefore certified accountants or a special auditor for that purpose.

EXHIBIT "D"

CODE OF TRADE PRACTICES TO BE OBSERVED BY CONTRACTING DISTRIBUTORS

1. The butterfat content of standard milk shall be not less than 3.5 nor more than 3.8 percent.
2. The butterfat content of "A" milk, Guernsey or Special milk shall be not less than 4.4 nor more than 4.7 percent.
3. The contracting distributors agree not to sell or offer for sale milk of any grade other than those listed in Exhibit "C" until said grade and the price at which it is to be sold has been approved by the Secretary as fair and reasonable.
4. Contracting Distributors agree individually to support the enforcement of this agreement in all its provisions and it shall be considered a duty and not unfair in any way to make report of violations of its provisions.
5. Contracting Distributors agree to assist in the enforcement of all lawful health regulations and standards.
6. Contracting Distributors agree to maintain accurate systems of accounting showing total receipts and actual uses of all milk handled.
7. No rebates or discounts of any sort from list prices shown in Exhibit "B" shall be given to any buyer or any class of buyers.
8. It shall be considered unfair to indulge directly or indirectly in unjust, destructive or demoralizing trade practices, such as:
 - a. Bribing or subsidizing any employee of another Contracting Distributor or inducing him to leave his employment with the intent of securing the trade of his employer.
 - b. Hiring an employee or an ex-employee of a Contracting Distributor to sell, collect, distribute or solicit business in the territory in which he had been working within six months prior to date of hiring.
 - c. Making false or disparaging statements, written or oral, about products, prices, business, financial or personal standing of any contracting distributor.
 - d. Giving premiums, commissions, bonuses, advertising allowances or other concessions or inducements of any sort for the purpose of securing or holding business, to persons not regularly on the payroll of the company.
 - e. Giving free milk or other dairy products to janitors, custodians, or others.

Exhibit "D" continued

- f. Making exaggerated or misleading statements with respect to processing or products in advertising or solicitation.
 - g. Soliciting retail business by employing solicitors paid on a commission basis and not regularly carried on the payroll.
 - h. Distributing free sample bottles of milk to retail or wholesale prospects or customers.
 - i. Giving, loaning, selling or furnishing, directly or indirectly, ice boxes, ice or refrigerating equipment of any type.
 - j. Giving any customer or prospect special inducements not enjoyed or offered to general trade.
 - k. Giving of free dairy products or any other thing of value to associations, firms or individuals as a means of securing or holding business.
9. Contracting Distributors agree not to use any bottles, cans, case or other containers the title to which is invested in another person, firm or corporation.
10. Contracting Distributors agree to discontinue selling or delivering milk to retail stores or other re-sales agencies who sell milk at prices less than those established in Exhibit "B".
11. Prices to churches, fraternal organizations and similar associations shall not be less than wholesale prices as established in Exhibit "B".
12. Contracting Distributors agree that requests for advertising in any program, periodical or publication not published regularly or having a general paid circulation shall be referred to the Dairy Council.
13. The Contracting Distributors agree to adhere to and maintain such minimum scales of wages for employees of different classes in the plants and on the routes as shall be fixed by the contracting distributors provided such wages are approved by the Secretary as fair and reasonable.